

Charlestown Mall

Box 32

Document 4

ASSET PURCHASE AGREEMENT

AGREEMENT, dated as of the ^{22nd} day of December, 1976 between SPERRY RAND CORPORATION ("Sperry"), a Delaware corporation, having an office at 1290 Avenue of the Americas, New York, New York 10019 and CHARLES A. GAETANO ("Buyer"), having an office at 1506 Whitesboro Street, Utica, New York 13502.

W I T N E S S E T H:

In consideration of the mutual promises herein contained, the parties hereto agree as follows:

1. Sale and Purchase.

1.1 On the "Land Closing Date" (defined below), Sperry will sell and convey and Buyer will purchase the real property, with the buildings and improvements thereon erected, described in Schedule A attached hereto ("Premises"), together with the items specified on Schedule A-1 hereto ("Other Assets"), on the terms and conditions set forth below. The buildings and improvements on the Premises are herein called the "Plant".

1.2 On the "Equipment Closing Date" (defined below), Sperry will sell and convey and Buyer will purchase the machinery and equipment listed and more fully described in Schedule B attached hereto, together with such

533241



2. Closings.

2.1 The closing of the sale of the Equipment ("Equipment Closing") provided for in this Agreement will take place at the Plant at 11:00 a.m. on January 31, 1977 (such date and time, or such other date and time as may be agreed by the parties in writing, is herein called the "Equipment Closing Date").

2.2 The closing of the sale of the Premises and the Other Assets ("Land Closing") provided for in this Agreement will take place at the Plant at 11:00 a.m., March 31, 1977 (such date and time, or such other date and time as may be agreed by the parties in writing, is herein called the "Land Closing Date").

3. Purchase Price.

3.1 The purchase price ("Purchase Price") for the Premises, the Other Assets and the Equipment shall be the sum of \$875,000.00.

3.2 Buyer will pay the Purchase Price to Sperry in lawful money of the United States as follows:

3.2.1 \$100,000.00 on the signing of this Agreement.

3.2.2 \$450,000.00 on the Equipment Closing Date.

3.2.3 \$325,000.00 on the Land Closing Date.

3.3 The amount specified in Section 3.2.1 shall be paid by check, receipt of which is hereby acknowledged,

subject to collection, the non-payment of which check in due course shall give Sperry the option of cancelling this Agreement. The amount specified in Section 3.2.2 shall be paid, at Buyer's option, by certified or cashier's check payable to Sperry in New York Clearing House Funds, or by a Note in the form of Schedule G made jointly and severally by Buyer and Gaetano Construction Corporation. The amount specified in Section 3.2.3 shall be paid by certified or cashier's check payable to Sperry in New York Clearing House funds.

- 3.4 The parties agree that the fair market value of the Premises (including Plant) is \$333,000.00; that the fair market value of the Other Assets is \$42,000.00; and that the fair market value of the Equipment is \$500,000.00; and the Purchase Price specified in Section 3.1 shall be allocated between the Premises, the Other Assets and the Equipment on the above stated basis.

4. Possession of the Premises.

- 4.1 Buyer shall have the right to use the portion of the Premises described in the drawing attached to Schedule C hereto on the terms and conditions and for the period set forth in such Schedule C. On the Equipment Closing Date, the parties will execute and deliver an agreement in the form of such Schedule C.
- 4.2 Sperry shall have the right to use portions of the Premises described in the drawing attached to Schedule D hereto on the terms and conditions for the period and for the purposes set forth in such Schedule D. On the Land Closing Date, the parties will execute and deliver an agreement in the form of

Purchase Agreement Dated 12/10/76 provides
at Article 3 "Purchase Price" the following
Sub 3.4 The parties agree.

Premises -	\$ 333,000.00
Other Assets -	42,000.00
Equipment -	<u>500,000.00</u>

\$875,000.00

Terms of Agreement
\$100,000

Downpayment
Apply \$50,000 to Equip &
50,000 to Premises & Other Assets)

450,000 on "Equip Closing Date" - 1/10/77

325,000 on "Land Closing Date" - 3/31/77
\$875,000

On Jan 10, 1977 Equip was transferred to
Empire Circuits, Inc. for Purchase Price
of \$500,000, of which \$50,000 was allocated
from the \$100,000 Downpayment delivered on
12/10/76, and the balance of \$450,000 was paid
given as a Note payable by Empire Circuits, Inc.
to Sperry Rand Corp on 3/31/77 - guaranteed
by CAG, Etc.

On March 31, 1977 The note was paid
 \$ 450,000 Plus Interest of
9,863.01
 \$459,863.01

Plus the balance was paid of \$325,000 per
 agreement — Plus Other Assets

Plus Adjustments —

to \$459,863.01 Note & Int.
 + 325,000.00 Balance of
 Plus

+ 43,368.24 Tax Adjustments

+ 1,680.00 Sales Tax on
 Other Assets

Less

829,911.25

2,768.85

Seller's Expenses
 at Closing
 Allowed

827,142.40

"Other Assets", at \$42,000 were
conveyed by Empire Circuits, Inc.
by Bill of Sale dated 7/1/77
to Charles A. Gaetano

Revenues, at \$333,000 were
conveyed by Empire Circuits, Inc.
by Deed dated 7/1/77 (recorded 12/6/77)
to Charles A. Gaetano

FOR IMMEDIATE RELEASE

December 23, 1976

It was announced today that local business interests headed by Charles A. Gaetano have entered into an agreement with Sperry Rand Corporation for the purchase of the Sperry Univac Plant in East Utica. The sale is to be finalized early in 1977, and is to include machinery used by Sperry Univac in its printed circuit board operation.

Mr. Gaetano indicated that his group will now explore the feasibility of alternate uses for the seven hundred thousand square feet industrial complex once occupied by the Savage Arms Company, and will also consider establishing a new company for the printed circuit board facilities. He also indicated that several area concerns will be contacted about leasing portions of the plant.

Sperry Rand acquired the plant from Savage Arms Company in 1955 and has maintained manufacturing activities locally, through various units, until its recently announced transfer of manufacturing activities to plants in other parts of the country.

Mr. Gaetano indicated that his group was encouraged by the direct assistance and participation of the Oneida County Industrial Development Corporation and the Herkimer County IDC, as well as Congressman Mitchell, County Executive Bryant, Herkimer Board Chairman Norman, Mayor Hanna, and other local governmental leaders, and particularly the representatives of local banks and investors. Current plans call for financing for the transaction to be provided by the Oneida County Industrial Development Agency, with possible assistance from the New York State Job Incentive Board and the Federal Small Business Administration.

February 10, 1977

I agree to purchase the Surplus Equipment listed on
Sperry/Univac's List #266 at the net book value of
\$18,367.46.


Charles A. Gastano

SPERRY RAND CORPORATION

1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019
TELEPHONE (212) 956-4313

KENNETH L. SPANGLER
Assistant General Counsel

March 25, 1977

Carl E. Snitzer, Esq.
Charles A. Gaetano
Construction Corporation
1506 Whitesboro Street
Utica, New York 13502

Dear Carl:

This will supplement my letter dated March 22, 1977.

Looking forward to the Land Closing on March 31, I transmit herewith a revised copy of the Supplemental Agreement included with the March 22 letter. It has been modified to state expressly that it survives the closing and to make provision for Sperry's continued ownership of certain property within Sperry Areas #1 and #2 and use of certain of the Other Assets.

I also note in passing that if for some reason different grantees are designated for the Other Assets and the Premises, the Supplemental Agreement would have to be further revised.

The amount of the real estate transfer tax applicable to the sale of the Premises is \$366.30 (imposed at the rate of 55¢/\$500 under §1402 of the Tax Law), which Sperry will allow out of the Purchase Price. Incidentally, when I was computing the real estate transfer tax, I uncovered a further reason why two deeds should not be executed. If you will take a look at §1405(b)(3) of the Tax Law, you will see that the transfer tax can be avoided only in respect of (on our facts) an instrument which is already on the record. Proceeding, as I have suggested (i.e., recording a true copy of the original deed placed on the record in Oneida County), would make sure that we fall within that exception.

With regard to the sales tax on the Other Assets, I am informed by our Tax Department that the Other Assets (valued at \$42,000 (§3.4)) will not be exempt.

Spangler
3/28/77

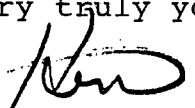
Therefore, we must collect the sales tax (which I believe is only 4% in Utica) or \$1,480.

Accordingly, I compute the total balance due at closing (less only 1/2 of the surveyor's fee) as follows:

<u>Credit Seller</u>		<u>Credit Buyer</u>	
Principal and interest due on note	\$459,863.01		
Balance of Purchase Price	325,000.00		
Tax Adjustments to Seller	43,368.24	Tax Adjustment to Buyer	2,402.55
Sales Tax on Other Assets	<u>1,680.00</u>	Real Estate Transfer Tax	<u>366.30</u>
	\$829,911.25		\$2,768.85
	829,911.25		
	<u>-2,768.85</u>		
Total to Seller at closing, less half of surveyor's fee	\$827,142.40		

I shall look forward to receiving your closing documents and the name of the grantee and to seeing you on March 31.

Very truly yours,


Kenneth L. Spangler
Assistant General Counsel

KLS/id

POMEROY *PA* APPRAISAL ASSOCIATES, INC.
Real Estate Appraisers — Consultants

217 MONTGOMERY STREET, SYRACUSE, N. Y. 13202 • TELEPHONE 422-7106

November
Nine
1976

Mr. R. A. Newton
Director
Administrative Services
Sperry Rand Corporation
1290 Avenue of the Americas
New York, New York 10019

Re: Sperry Univac Plant
311 Turner Street
City of Utica
Oneida County, New York

Dear Mr. Newton:

At your request I inspected the above property for the purpose of making a letter-appraisal report for the most probable selling price. This would be the price which the property would bring if offered for sale in the open market, given a reasonable time upon which to find a purchaser - a reasonable time being 1½ to 2 years.

City Data: The City of Utica is located at the eastern end of Oneida County in the foothills of the Adirondack Mountains and the Mohawk Valley of Upstate New York. It is between Syracuse on the west and Albany on the east.

In 1970, Utica had a population of 91,611 which represents a decline of 8.5% since 1967. In 1970, Oneida County had a population of 273,037 which was a 3.3% increase over the 1960 population. The "Editors & Publishers" marketing guide estimates a 1975 population for the City of 88,650 and the County population at 274,500. Both estimates indicate a continuing trend in losses for the City and moderate gains for the County.

The major industries in the Utica area are General Electric Company, Bendix Corporation, Chicago Pneumatic Tool, Kelsey-Hayes, International Heater, and the Utica Club Brewery. At the present time unemployment is estimated at approximately 12%.



Mr. R. A. Newton
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Property Description: The subject property consists of three parcels of land located both in the City of Utica and the Town of Frankfort.

Parcel #1, located entirely in the City of Utica, is a 7.3-A. plot bordered by Beechgrove Avenue on the south, Pitcher Street on the east, and Dwyer Avenue on the north. It is vacant, generally level and has all City services available to it.

Parcel #2 is also located entirely in the City of Utica. It is an 8.71-A. plot bordered by Beechgrove Avenue on the south, Pitcher Avenue on the west, Dwyer Avenue on the north, and Turner Street on the east. It is generally level at street grade, with about 4 A. along Turner Street being used for parking.

Parcel #3, located on the east side of Turner Street, is a large triangular plot containing 15.3 A. which is improved with the industrial complex. Approximately 1 A. is in the City of Utica with the remainder being in the Town of Frankfort. Water, gas, electricity, and sewers are all connected to the property. Rail facilities abut this parcel and a 7' cyclone fence encloses the acreage.

An 800,000-gallon open pond for fire protection is located at the west-central sector of the property.

Building Description: The existing improvements are predominantly brick mill multi-story industrial consisting of 14 structures and containing 683,500 s.f. Built for the most part between 1917 and the early 1920's by the Savage Arms Company, this facility for the last two decades has been used by Univac Division of Sperry Rand for manufacturing, warehousing, and administration.

The entire facility is sprinklered with approximately 50% air-conditioned. There is between 25% to 30% utilized for offices of administration, accounting, and engineering. There are four G.E. 3,333 KVA primary transformers and four additional vaults which range from 250 to 2,000 KVA. Six elevators, three of which are heavy-duty freight, serve the complex.

Building #1 is a three-story brick mill structure used primarily for administrative purposes. It has a ground floor area of 5,705 s.f. and a total area of 22,820 s.f.

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Building #3 is a five-story mill-type structure used for storage, assembly and testing. Ceiling heights are 13', and bay sizes are 9' x 17'. It has a ground floor area of 40,120 s.f. and a total area of 129,420 s.f.

Building #4 is a five-story mill-type structure used for storage, assembly and testing. Ceiling heights are 13', and bay sizes are 9' x 17'. It has a ground floor area of 18,900 s.f. and a total area of 75,600 s.f.

Building #4S is a one-story sheetmetal-clad structure with concrete floor, used for machine repair. It contains 17,255 s.f. and is only in fair condition.

Building #5 is a four-story mill-type structure used for storage, assembly, testing and shipping. It has 13' ceilings and 9' x 17' bay sizes. There are covered shipping docks along the north wall. The building has a ground floor area of 19,800 s.f. and a total area of 79,200 s.f.

Building #5 (Annex) is a one-story Onco steel clear-span structure with 24' ceilings, constructed in 1970. It is in excellent condition and contains 11,400 s.f. It is used presently for shipping and has two 10'x12' overhead doors with dock-levelators.

Building #6 is a brick masonry powerhouse. It has three 330 h.p. Union Iron Works boilers (2 oil-fired and 1 gas-fired), a natural gas 440-volt Stanley generator to operate the boilers if power failure occurs, two stand-by generators for emergency lighting, and air compressors for production. The facility contains 9,280 s.f.

Building #7 is a four-story brick masonry building used for storage, assembly and testing. It has 13' ceilings and 9' x 17' bays. It has a ground floor area of 1,517 s.f. and a total area of 6,068 s.f.

Building #10 is a four-story brick mill-type structure used for storage, assembly, laboratory testing, medical clinic, and cafeteria. It has 13' ceilings and 9' x 17' bays. It has a ground floor area of 13,500 s.f. and a total area of 54,000 s.f.

Building #11 is a one-story brick sawtooth-roof constructed structure with concrete floor, 20' x 18' bays, and 20' ceilings. It is used for receiving, manufacturing, and painting. It has quality air control space, and adequate receiving area with four overhead doors (three with levelators), but only two being operative. The building contains 85,488 s.f. and is considered to be in average condition.

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Building #12 is a four-story brick mill structure used for storage, wire wrapping, and administration. It has 13' ceilings and 9'x17' bays. It has a ground floor area of 18,900 s.f. and a total area of 81,000 s.f.

Building #13 is a four-story and partial basement brick mill structure used in a similar capacity as Building #12. It has 13' ceilings and 9'x17' bays. It has a ground floor area of 20,250 s.f., a basement area of 10,300 s.f., and a gross area of 96,750 s.f.

Building #14 is a one-story brick structure used for plating, manufacturing, and storage. It contains 10,956 s.f. and is in fair condition.

Building #18 is a one-story brick structure containing 7,846 s.f. used for manufacturing and painting.

Summary: The general physical condition of the complex ranges from fair to good, with the exception of Building #5 (Annex) which is in excellent condition. The office areas reflect good condition, as does the power plant. Functionally, the layout and design of the complex is one that would not be repeated in a modern-day plant and as a consequence there is substantial obsolescence present.

Assessment and Taxes: According to the assessment records of the City of Utica and the Town of Frankfort, the property is assessed as:

Utica assessment	
Land	\$ 46,690
Improvements	100,460
Total	<u>\$147,150</u>

Present City taxes are \$20,425.89.

Frankfort assessment	
Land	\$ 10,000
Improvements	573,100
Total	<u>\$583,100</u>

Present Town taxes are \$77,884.56.

Therefore, total taxes for the City of Utica and the Town of Frankfort are \$98,310.45.

It should be noted that in the Town of Frankfort the building assessment for the taxable year 1977 has been reduced by \$40,000.

Mr. R. A. Newton
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Zoning: The property is zoned Industrial, and the existing improvements are in conformance with that zoning.

Highest and Best Use: After considering the location, nature of the improvements, and existing zoning it is my opinion that the highest and best use of the subject is for industrial purposes. Industrial purposes can include warehousing, manufacturing, and administrative offices in conjunction with that use.

Market Data Approach: It must be recognized that in estimating the value of a substantial industrial complex such as the subject, market investigation cannot be limited to the immediate area but must be expanded to gain a clear picture of the market activity and attitude of older industrial space in the central and south-central New York State area.

My investigation produced 10 sales which are briefly recited, in grid form, as a facing page of this report.

Sale #1 is an early 1974 sale of a much smaller facility in an area of better economic climate, and has been cited together with Sale #2 to show the impact that size has in reducing unit value.

Sale #2 is a late 1975 sale of a facility much larger (twice) than Sale #1 but still only 25% the size of the subject. However, the subject is in superior condition to the sale.

Sale #3 is a 1972 sale of a large facility in an area with a slightly better economy. It is again a much smaller parcel but with a usable area which was in similar condition to the subject.

Sale #4 is an early 1969 sale of 265,000 s.f. at \$2.92 per s.f. for a one and two-story plant operation in an area of somewhat similar economic climate. It is 41% the size of the subject and was 100% financed. It is indicative of what sometimes is necessary to consummate the sale of older industrial facilities.

Sale #5 is a 1970 sale in an area of similar economic climate for a facility with greater utility but in poorer condition. It is approximately 40% the size of the subject, and sold at \$1.10-per s.f.

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Sale #6 is a 1971 sale of a very similar-sized complex in the Rome-Utica area, with one and two-story buildings. It sold at 56¢ per s.f. and was purchased by speculators, and again reflects the impact that size and risk have on a facility such as the subject. It should be noted that the seller, because of its carrying charge of about \$500,000 per year, decided on a quick sale rather than a longer holding period.

Sale #7, occurring in 1972 in the Utica area of influence, reflects \$2.25 per s.f. for a similar-type complex purchased by a nearby user that could readily adapt the facilities to their operation.

Sale #8 is a mid-1972 sale in the same area as Sale #6 but much larger (twice) which was purchased by a developer to create a self-contained industrial park. Its price of \$1.29 per s.f. reflects the impact of size and risk.

Sale #9 is a 1968 sale of a smaller facility at \$1.75 per s.f. purchased by a speculator in the Utica area.

Sale #10 is an early 1971 sale of a smaller facility in poorer condition at 86¢ per s.f. in the Utica area.

In addition to the aforementioned sales, I have also considered the fact that currently in the Utica area there was an auction held (on Saturday, October 30, 1976) on two industrial complexes comprising a total of 56,000 s.f. of the former Beau Knit facilities on Broad Street in Utica, New York. At that time there was a reserve price of \$58,000 put on the premises, and I am informed that although no sale occurred there are current negotiations for this facility.

Summary: After considering the foregoing, it is my opinion that the subject has a market value range of \$.75 to \$1.00 per s.f. - thus indicating a market value range of \$512,000 to \$683,000.

Income Approach: I have also examined the property from the aspect of income to a potential purchaser. At the present time in the Utica area and throughout the central part of New York State, there is an abundance of vacant industrial space. Based on rental research, it is my opinion that the subject could command an overall rental of 60¢ per s.f. with no utilities furnished. The landlord would pay taxes, insurance, and maintenance. In my opinion the owner would expect an overall return on his property of 17%.

Processing the income on this basis, the results are as follows:

Mr. R. A. Newton
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Income Projection:

683,500 s.f. @ 60¢/s.f. = \$410,100

Less: Vacancy - 20% 82,020

Effective Gross Income = \$328,080

Expenses:

Taxes	\$98,310	
Insurance	34,175	
Repairs	68,350	
Management (5%)	<u>16,404</u>	<u>217,239</u>

Net Income \$110,841

\$110,841 capitalized @ 17% = \$652,005

Total Value - Income Approach (say) \$652,000

Conclusion: After considering all of the facts, it is my opinion that the subject property would have a market value as of November 8, 1976 of

SIX HUNDRED EIGHTY-THREE THOUSAND FIVE HUNDRED DOLLARS
(\$683,500.00)

This value does not include any machinery or movable fixtures which are not part of the realty.

Respectfully submitted,

POMEROY APPRAISAL ASSOCIATES, INC.

Daniel C. Meyers

Daniel C. Meyers, M.A.I.
Vice President

DCM/gf
attach.